

Exhibit 64

Online overdose; Lack of oversight allows free flow of dangerous prescription drugs via the Internet

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Body

After taking painkillers following a root canal, Columbus resident Zach Drummond developed a taste for the calming effect of hydrocodone.

Armed with an expert's knowledge of the Internet, the computer programmer said it was easy to find Web sites that could quench his desire. He quickly got hooked on prescription painkillers, going online to order the highest dosage of Vicodin he could find without ever visiting a doctor.

"My thinking was that this was going to be something short-term," Drummond said. "But it becomes a habit pretty quickly. Before you realize what's happening, you're addicted if you do it for any length of time."

Drummond represents thousands of buyers in an illegal drug trade that has moved from the street corner to the information superhighway.

Illegal use of prescription narcotics has exploded in plain view, in large part because rogue Internet pharmacies break laws requiring a legitimate prescription from a doctor who has seen the patient.

For years, spam e-mails have advertised these sites. You probably saw them -- offers for a variety of addictive painkillers and tranquilizers -- and dismissed them as a hoax.

But they weren't.

They flourished in a virtually unchecked pharmaceutical supply chain that allowed anyone to answer a few questions and easily receive addictive medications, the same controlled substances that are in high demand on the street.

Nearly a decade passed before federal and state law-enforcement officials noticed that a major national drug problem was developing as easily as punching in a few keystrokes.

Only recently have federal and state authorities started to fight this growing problem. Enforcement ensnared Ohio's biggest company by revenue, Dublin-based Cardinal Health, and the nation's other big drug wholesalers, which move drugs from the manufacturer to the pharmacy.

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"I think we never fully understood the reach of the Internet," said Mathea Falco, president of Drug Strategies, a nonprofit research organization based in Washington, and an expert on national drug policy. "We usually don't solve problems until they become problems. We have to be more proactive and look at the various points in the chain of commerce."

Illicit Internet pharmacies mushroomed during the past decade, initially by selling "lifestyle" drugs such as Viagra and Botox, and then dangerous painkillers.

As the demand increased, the Internet made it easy for suppliers to fill it, said Adam Fein, a pharmaceutical supply chain expert.

"There are low barriers to entry to set up one of these sites," said Fein, who operates Pembroke Consulting in Philadelphia.

Last fall, the U.S. Drug Enforcement Administration shut down three of Cardinal Health's 24 U.S. warehouses for not reporting sales of controlled substances to illicit online pharmacies and not notifying authorities when orders spiked.

That prompted Cardinal Health to set aside \$30 million this year to fix the problem. And on Oct. 2, Cardinal announced a settlement with the DEA that resulted in the company's paying \$34 million to seven U.S. attorney's offices in states where Cardinal had shipped drugs to illicit online pharmacies. Because the pharmacies held valid DEA licenses to issue controlled substances, the sales were considered legal.

Cardinal was taken to task for not properly monitoring where its shipments were going.

"Criminals are pretty clever," said Craig Morford, Cardinal's chief compliance officer. "They look for places to exploit and meet demands ... and Internet pharmacies arose. It's like playing 'Whack 'em.' Once you hit one, three more pop up."

Gary Boggs, a special agent for the DEA in Washington, said that authorities "focus on the most egregious ones and ... hope the rest of the industry takes notice."

\ A national problem

The abuse of prescription drugs is the No. 2 drug problem in the country, trailing only the use of marijuana, according to the federal Office of National Drug Control Policy. President Bush has made it a central point in his drug-control policy, and states increasingly have tightened policies regarding prescription-drug distribution.

The DEA Office of Diversion Control said the sale of the painkiller oxycodone in the United States increased nearly nine times from 1996 to 2006. Sales of hydrocodone more than tripled during the same period.

Rogue Internet pharmacies at the heart of the problem dispensed nearly 100 million doses of hydrocodone in 2006, enough to furnish a 20-day supply of the addictive painkiller to every adult in Franklin County. Based on what Drummond said he paid for a 120-dose prescription of Vicodin, those pills were worth \$300 million.

Despite recent crackdowns by federal and state authorities, illicit pharmacy operators continue to rake in hefty profits selling controlled substances over the Web, in most cases without asking buyers for a prescription.

Startled by the dangerous drugs flooding the market, the DEA in the past few years has begun to scrutinize the entire supply chain.

The DEA's well-publicized bust in 2005 called "Operation Cyber Chase" netted 20 arrests in eight U.S. cities and four foreign countries. It broke up a ring that the DEA said had used more than 200 Web sites to sell more than 2.5 million doses of controlled substances per month.

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A subsequent operation closed 12 Internet pharmacies in 2007 when the DEA seized more than 57 million pills that were destined for illicit distribution. A DEA spokeswoman said the administration cannot put a monetary figure on the bust or on the total value of drugs being sold on the Internet.

Boggs said the average legitimate U.S. pharmacy dispensed 88,000 hydrocodone tablets in 2006. He said 34 illicit sites that the DEA investigated that year sold about 98 million doses of the painkiller.

"A rogue Internet pharmacy can cause a significant amount of damage in a short period of time, whether it leads to young kids stealing from the medicine cabinet or someone sitting in their home having 100 or 200 pills delivered every month," he said.

Last year, the administration focused on companies that had been distributing drugs to illicit Internet pharmacies, leading to the shutdown of Cardinal warehouses and those of some Cardinal competitors.

\ Free flow in central Ohio

The abuse is evident in local treatment centers. Dr. Brad Lander, clinical director of addiction medicine at Ohio State University, said the inpatient treatment program at OSU's Talbot Hall has been overrun with patients from all walks of life.

"We have really seen a tremendous increase in opiate-addicted patients in the last two years," he said. "We've had to literally put in new treatment protocols and specialized programming for them."

Arrests also are up, with Columbus police seeing a 20 percent spike in prescription-drug-abuse-related apprehensions last year over 2006.

"That's a big increase in arrests," said Columbus Police Sgt. Steve White. "It's a never-ending problem. It's all because a lot of people feel safe getting their drugs out of a bottle and through a pharmacy."

White said the popular drugs contain hydrocodone -- products such as Vicodin, Lortab and Lorcet.

Nationally, more than 85 percent of Internet drug orders are for controlled substances such as OxyContin and Vicodin. Only 11 percent of prescriptions filled by traditional pharmacies are for controlled substances, the DEA said.

Nine years ago, the Ohio codes were updated to outlaw prescribing drugs for new conditions to patients not previously seen by a physician. Since then, the State Medical Board of Ohio has revoked the licenses of five physicians for violating that rule, including two in Columbus: Dr. Ruth Ann Holzhauser and Dr. Daniel Lee Thompson.

The medical community takes a dim view of those who do not conform to standards of practice. \ "Whoever is doing the prescribing, the physician who's doing it is unethical," Lander said. "They don't know the person. They're not following guidelines. It's very dangerous and highly frowned upon.

"I don't think that's stating strongly enough how it's looked down upon. Most people would see it as malpractice."

\ Implementing solutions

Online drug merchants primarily rely on Cardinal Health and its two main competitors -- AmerisourceBergen Co. and McKesson Corp. -- for deliveries.

These three companies sell 95 percent of the products purchased by pharmacies from wholesalers. Of Cardinal's \$91.1 billion in fiscal 2008 revenue, \$79.3 billion came from wholesale drug sales.

The "Big Three" all have been pinched for lack of oversight when customers, especially small pharmacies, suddenly began ordering controlled substances at much higher rates.

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After the government shut down Cardinal's three warehouses, the company instituted a program to stop shipments to rogue pharmacies. It also replaced Daniel J. Walsh, the person responsible for Cardinal's ethics and compliance department, with Morford, a former federal prosecutor.

"My role is to provide leadership and to make sure that, as we're going forward, we're doing all the things we said we were going to do," Morford said.

Attacking the problem is not easy. Until recently, no national policy restricted the online sale of controlled substances. Some states are cracking down on bad players, but a perfect system is not in place to stop easy sales of highly addictive drugs.

Ernie Boyd, director of the Ohio Pharmacists Association, said recent DEA actions to lean on distributors could harm patients because the distributors might have to restrict supplies if controlled-substance orders spike. In one case, Cardinal was sued by a pharmacists group because its purchase orders were interrupted.

"There's not a clean, bright line," Boyd said. "What's too much to order? If I have a hospice next to my pharmacy, I'm going to have a lot more narcotic flow than someone who doesn't have that hospice.

"Cardinal is not authorized to be investigators."

Cardinal executives say it's important for everyone in the pharmaceutical supply chain to be more vigilant.

"The abuse of prescription drugs has really become a problem in the system," said George Barrett, who recently became Cardinal's next chief executive officer. "There are so many touch points (that) we have to do better work. Physicians have to be more on top of this. Schools have to be aware of it, pharmacies, distribution points. So you could argue everyone in the system has to own it."

\ New federal law

Congress recently passed the Ryan Haight Online Pharmacy Consumer Protection Act, which makes it a crime to dispense drugs over the Internet without a valid prescription, meaning at least one in-person visit with a physician. The act also requires pharmacies to procure an endorsement from the DEA before they can dispense controlled substances over the Internet.

Yet even with that law in place, some say illegal pharmacies will continue to operate overseas or take their chances here by changing an Internet pharmacy's Web address.

"The Ryan Haight bill is a good first step, but it will have very little immediate impact," Drug Strategies' Falco said. "It depends completely on prosecution and conviction, and that's a cumbersome process."

Some experts say the DEA was slow to respond and still might not be doing enough to stop the flow of prescription drugs over the Web.

Sen. Dianne Feinstein, D-Calif., who co-sponsored the rogue-pharmacy legislation, said last year during testimony on Capitol Hill that the DEA appeared to be dragging its feet in the crackdown on Internet pharmacies.

Boggs counters that the DEA has more than 1.2 million registrants, and that policing them all is a Herculean task, especially when so many of them subvert the law.

But even Steve Holtel, a Nelsonville pharmacist who was busted by the Ohio State Board of Pharmacy for illicitly selling controlled substances online, said the DEA waited too long to act.

"They can dance around this all day long, but the DEA is asleep at the wheel," he said. "I hate to say it, but they are."

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Graphic

Photo, Graphic, Graphic with Map, Illustration, (1) Craig Morford, Cardinal's chief compliance officer , (2) George Barrett, vice chairman and incoming CEO , (3) AARON HARDEN / DISPATCH ILLUSTRATION

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